# PHARMACY

## McKesson steps up medical equipment sales

SAN FRANCISCO—After two years of testing, Foremost-McKesson Drug & Health Care Group is rapidly establishing the country's first national distribution system for durable medical equipment (DME).

Currently, McKesson Drug is distributing such equipment in 14 states to 100 full-line, trained customers in freestanding businesses plus several thousand drug stores that are offering in-home convalescent needs in varying degrees.

The equipment is being shipped from 28 of McKesson's 57 distribution centers. McKesson plans to expand to its remaining distribution centers by the end of fiscal 1984 (ended March 31, 1984).

At present, McKesson is generating durable medical equipment sales of approximately $20 million, and expects to double that figure in the next three or four years.

McKesson is bullish on the market. Says John Woolard, director of promotional services for McKesson Drug: "Nationally, the medical equipment business totaled $240 million in 1974. By 1983, it had risen to $3 billion. Although experts predict it will reach $6 billion in 1990, I believe it will hit this total by the end of 1985."

McKesson, marketing medical equipment under its Sun-Mark label, offers several thousand items. "It's true that we have always carried supplies—blood pressure cuffs, ice packs, thermometers, etc.," says Woolard. "It's also true that drug stores have sold crutches, canes, walkers, etc. But DME dealers are involved in much costlier equipment.

**Freestanding required**

"DME appeals primarily to pharmacists with latent interest in DME who would like to open a second, freestanding retail business. The reason it should be freestanding is that it is a specialized business. What kind of DME image would a drug store have if the cosmetician answered the phone and a hospital discharge planner or home health nurse inquired about a hospital bed?"

Woolard adds that DME is also capital-intensive, with high startup costs. "Even so," he said, "some DME dealers have generated a profit within the first year." Most DME equipment, he added, is rented to patients, not sold.

Woolard lists the six hallmarks of McKesson's DME program:

1. **Distribution muscle.** "We have distribution centers throughout the country, augmented by electronic order-entry, good service levels and prompt delivery."

2. **Inventory support.** "We have injected distribution into what has primarily been a cottage industry. In the not-too-distant past, a local furniture store or rental outlet would rent the beds, and a welder would take care of oxygen needs. But the industry is fast being manned by experts because the market is there—and growing. In cutting down

*Continued on page 22*

## *Gross margins increase on cough/cold scripts*

NEW YORK—Retail pharmacies report increased gross profit margins on cough and cold prescription products.

This is one of the findings of surveys conducted by Decision Data, a marketing research company in Arlington, Tex.

The report compares prescription data gathered in March 1983 to year-earlier information.

The report covers products from five market segments—cough preparations, decongestants, cough and cold combinations, bronchodilators, and antihistamines. Although Actifed tablets and Novahistine DH liquid are now OTC products, they were included in this summary because physicians are still writing prescriptions for them.

Not only did overall gross margin for the group increase—from 44.1% last year to 46% this year—but absolute dollar margins advanced. A script in this group provides an average gross profit contribution of $3.47.

Virtually all the growth came in the "all other" category, which yielded a dollar margin of $3.90 up 70¢. The top 24 products' gross profits actually declined 20¢ to $3.15 per script. The decline results from a sharp margin decline, off six points from the previous year. Margins for these products averaged 40%.

All products in the top 24 recorded lower gross margins this year.

Overall, the top 24 items are playing a more significant role in the market this year. These products now account for 55% of the cough and cold scripts, up 10 points over last year's share.

No one company dominates this diverse market, but six firms captured 40% of the market. And the top 10 firms controlled only a 54% share.

Robins leads the group with an 11.6% share; Wyeth and Parke-Davis are tied for second, each with 6.6%; Key placed fourth with 5.2%; SKF was fifth with 5.2%, and Burroughs Wellcome placed sixth with 4%. But BW's largest cough cold brand, Actifed tablets, was changed to an OTC product. As a result, the brand registered lower prescription volume.

***Special report: antiulcer drugs— page 26***

**Dollar margins for cough/cold pharmaceuticals increase**

| Drug Description | Manufacturer | % Retail market share 3/82 | % Retail market share 3/83 | Average price 3/82 | Average price 3/83 | % Retail margin 3/82 | % Retail margin 3/83 |
|---|---|---|---|---|---|---|---|
| Dimetapp Elixir | Robins | 4.3 | 4.9 | $ 5.13 | $ 5.40 | 61 | 59 |
| Dimetapp Extentabs | Robins | 3.4 | 4.4 | 7.34 | 7.97 | 43 | 41 |
| Ornade Spansules | SKF | 1.4 | 3.3 | 8.82 | 9.75 | 41 | 36 |
| Theo-Dur 300mg Tabs | Key | 1.8 | 3.2 | 12.09 | 13.34 | 29 | 29 |
| Phenergan Expt. with Codeine | Wyeth | 2.4 | 3.0 | 6.08 | 6.23 | 57 | 55 |
| Theo-Dur 200mg Tabs | Key | 1.3 | 2.6 | 10.72 | 11.62 | 34 | 34 |
| Benadryl Caps 25mg | Parke Davis | 1.6 | 2.6 | 5.49 | 5.81 | 55 | 48 |
| Naldecon Tabs | Bristol | 1.7 | 2.4 | 11.22 | 11.98 | 32 | 31 |
| Actifed Tabs | Burrougns-Wellcome | 3.9 | 2.4 | 5.56 | 5.67 | 55 | 47 |
| Dimetane Expt. | Robins | 1.2 | 2.2 | 5.52 | 5.75 | 59 | 57 |
| Entex LA | Norwich | — | 2.2 | — | 7.60 | — | 46 |
| Trinalin Tabs | Schering | — | 2.2 | — | 9.58 | — | 38 |
| Benadryl Caps 50mg | Parke Davis | 1.7 | 2.1 | 6.99 | 7.20 | 45 | 24 |
| Phenergan VC with Codeine | Wyeth | 1.8 | 2.1 | 6.27 | 6.53 | 54 | 53 |
| Benadryl Elixir | Parke Davis | 1.3 | 1.9 | 5.62 | 5.62 | 56 | 39 |
| Tuss-Ornade Spansules | SKF | 1.6 | 1.9 | 8.14 | 9.50 | 42 | 38 |
| Actifed-C Expt. | Burroughs Wellcome | 1.7 | 1.6 | 6.63 | 7.05 | 53 | 51 |
| Tussi Organidin Expt. | Wallace | 0.9 | 1.6 | 7.07 | 7.65 | 50 | 46 |
| Brethine 2.5mg Tabs | Geigy | 1.2 | 1.6 | 11.74 | 12.61 | 30 | 30 |
| Phenergan Expt. Plain | Wyeth | 1.4 | 1.5 | 5.03 | 5.25 | 65 | 63 |
| Naldecon Ped. Syrup | Bristol | — | 1.4 | — | 7.90 | — | 45 |
| Ambenyl Expt. | Marion | 1.4 | 1.4 | 8.82 | 8.82 | 43 | 43 |
| Ru-Tuss Tabs | Boots | 1.1 | 1.4 | 7.11 | 7.96 | 49 | 45 |
| Novahistine DH Liquid | Dow | 1.1 | 1.3 | 7.72 | 7.56 | 48 | 49 |
| Top 24 | | 45.0 | 55.1 | 7.26 | 7.86 | 46 | 40 |
| All Other | | 55.0 | 44.9 | 7.89 | 7.17 | 41 | 54 |
| Total | | 100.0 | 100.0 | 7.74 | 7.55 | 44 | 46 |

*Per cent retail margins are based on average wholesale prices.

Source: Decision Data

## *Data collection will bolster Rxman's health care role*

Therapeutic substitution and pharmaceutical alternatives are two emerging responsibilities for pharmacists practicing in retail settings. Both concepts face stiff opposition from manufacturers of branded pharmaceuticals and from the American Medical Association.

The concept of substituting one drug for another, independent of the prescribing physician, was referred to committee for rewrite by the American Pharmaceutical Association's House of Delegates. A new version, called pharmaceutical alternatives, emerged at this year's annual APhA meeting and was adopted.

How and when the policy is implemented will be determined state by state via the legislative or regulatory route.

Opposition to both measures by A.M.A. could create a decline in relations between retail pharmacists and physicians—something neither group needs.

Some of physicians' concerns lie in the areas of patient health care, proper monitoring of patients and their drug use, and the ever present threat of malpractice.

Physicians' prime focus centers on the legal issue of

**Joseph Caputo, RPh**
***Pharmaceutical Editor***

responsibility, specifically the health care practitioner responsible for patient welfare. To date, physicians shoulder most of that responsibility, and this makes sense, as the profession has access to most of the information about the patient—lab tests, physical assessments, special diets, etc. As a result, doctors face significant malpractice expenses from members of our litigious society. Therapeutic substitution complicates this already murky picture.

Adequate patient monitoring is another area that concerns physicians. Pharmacists also have a stake in this area—albeit a limited one—since they do keep patient drug profiles. The only problem is many pharmacies don't bother to record patient profiles.

Although physicians monitor drugs prescribed, pharmacists are in a unique position to determine if the prescribed medication is dosed properly.

Another area of concern focuses on the setting where drugs are dispensed. Pharmacists in hospitals already practice therapeutic substitution, but within the confines of each institution's published formulary. Prescribing and dispensing functions in the hospital are controlled through this document.

But community settings—retail drug stores—represent a vastly different patient care environment. Here retail pharmacists can play a key role, since drug profiles capture patient drug usage patterns. In fact, retail pharmacies are increasingly using computers to capture drug use information, and computers are offering consumers a variety of data about the drugs being taken.

So, however the debate over therapeutic substitution and pharmaceutical alternatives is resolved, pharmacy retailers are headed into the future as collectors and providers of drug information—a role that can only benefit consumers and the profession.

# PHARMACY

# New products sharpen antiulcer competition

NEW YORK—Competition within the $1.1 billion worldwide antiulcer market is heating up as Roche and Glaxo prepare for the joint United States launch of Zantac (ranitidine), a product which is directly competitive against SmithKline's Tagamet (cimetidine), one of the leading dollar volume prescription products.

## Special report: antiulcer drugs

Over the last two years other new products have also expanded the antiulcer market. Marion launched carafate in 1982, and Robins introduced metroclopramide HCL (Reglan) in 1981. As a result, the antiulcer market is perhaps one of the most dynamic in recent memory.

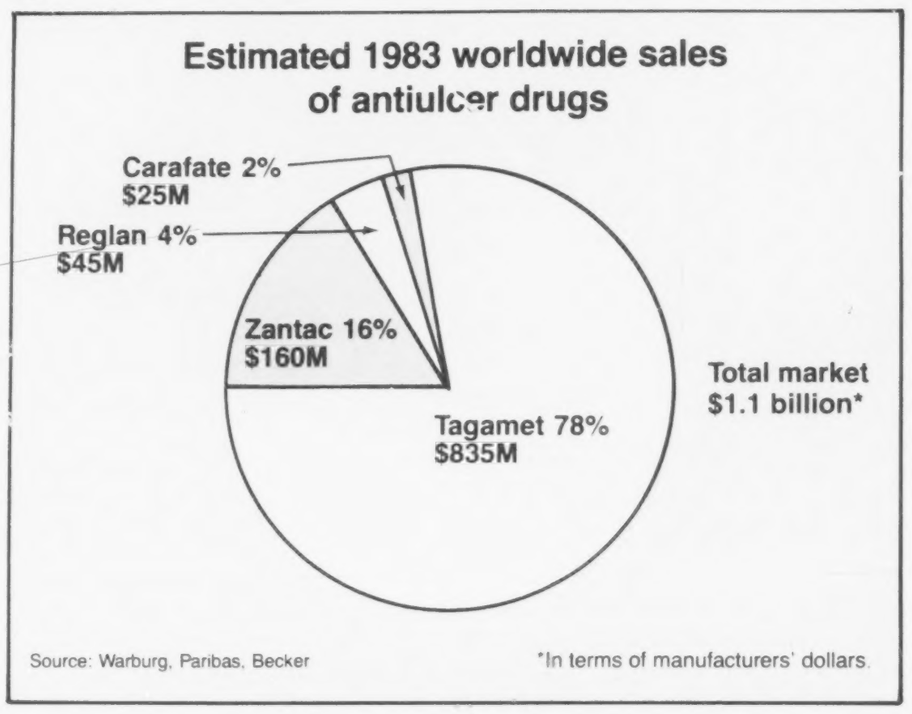
"The market is growing for everybody," said David F. Saks, vp at Warburg Paribas Becker, a Wall Street investment banking firm.

A SmithKline executive explained that the firm isn't taking the launch of a major competitive product lightly: "I know there is sufficient concern in our marketing department to follow Glaxo with a drug similar to ranitidine," the exec said.

The development of oxmetidine by SmithKline is about two years away. Oxmetidine is said to be more potent and longer acting than ranitidine, allowing a one-a-day dosage schedule.

"We know it will be a 'me-to' drug, but it will have an edge in convenience," the exec noted.

Meanwhile, SmithKline executives are girding up for the opening salvo from Roche and Glaxo, an attack the executives predict will hinge on the new drug's convenient twice-a-day dosing schedule and heavy up-front promotional expenditures.




But the degree to which convenient dosing will be accepted by the medical community remains open to question, since patients can obtain the same effect by doubling the dose of cimetidine.

SmithKline will also continue to emphasize cimetidine's enviable record of safety compiled worldwide over several years. Used by over 20 million people, the drug has produced few side effects.

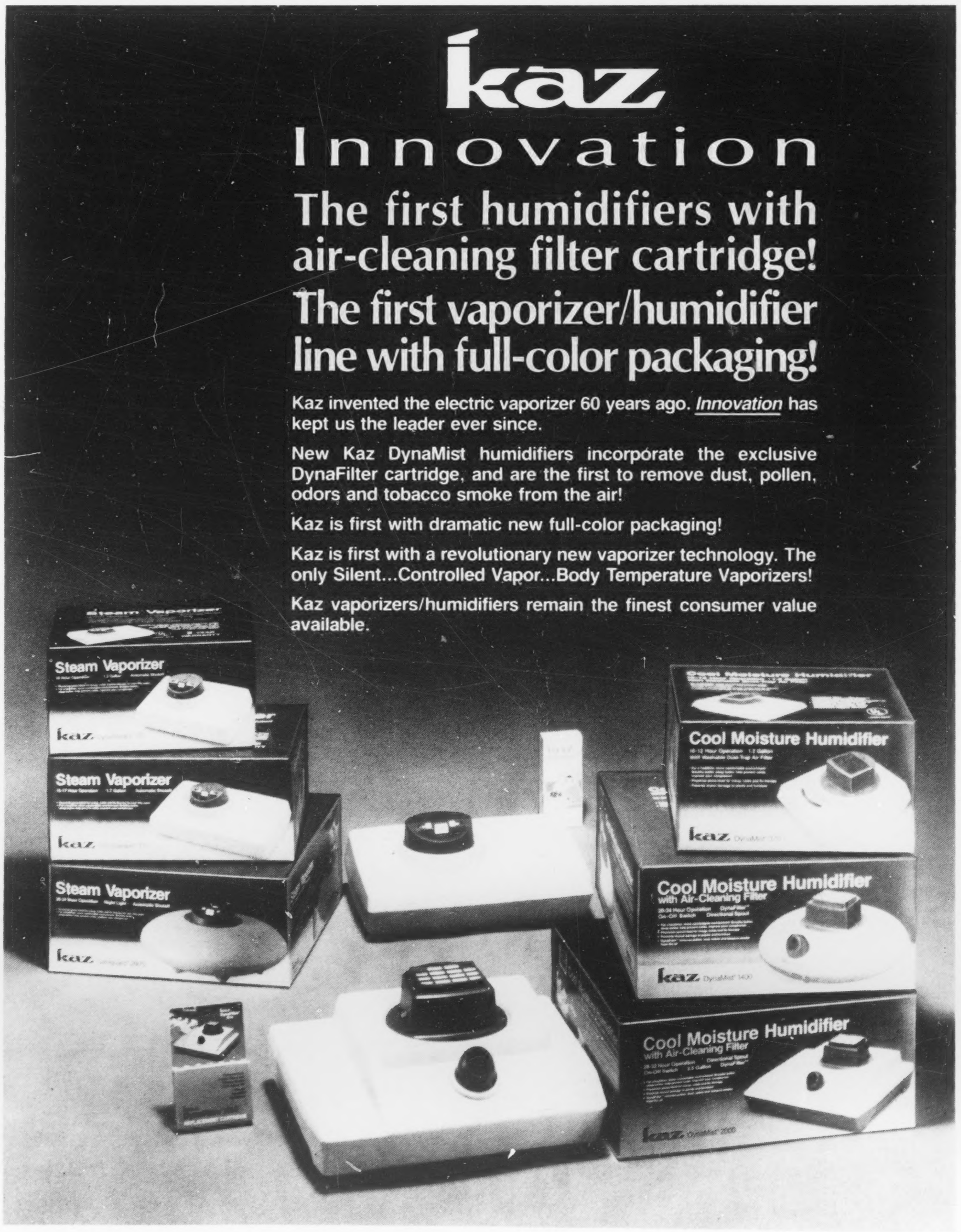
Executives around the industry and pharmaceutical marketers in the United States are also betting that Roche and Glaxo will overcome physician inertia toward new products. Both firms can claim that ranitidine isn't new and has been used by over a million patients in 31 countries.

Carafate, a drug as effective as cimetidine and ranitidine in curing duodenal ulcers, got off to a fast start in 1982. The nonsystemic drug provides a "protective" barrier between the ulcer crater and acid. Carafate sticks to the ulcer's base, protecting the lesion so it can heal.

Because carafate isn't absorbed, the drug theoretically is safer than products which can produce systemic effects. A profile of side effects reveals an incidence of 4%-5% among patients using the product.

Reglan, a well known anti-

*Continued on page 28*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**Americans spend at least one quarter of a billion dollars for drugs which relieve upper gastrointestinal distress.**

## Antacids play valuable ulcer treatment role

NEW YORK—Antacids, often the mainstay of ulcer therapy, are used to (1) neutralize stomach acid and (2) adsorb the pepsin (aluminum-containing products are more likely to act in this way).

OTC antacids play a vital role in the management of ulcer disorders in combination with dietary adjustments and prescripton drugs. And selecting the antacid product based on proper active, neutralizing ingredients will specialize the treatment to the patient's needs.

- **SODIUM BICARBONATE:** This drug is a fast-acting neutralizer of short duration. It reacts with gastric acid to form sodium chloride, water and carbon dioxide. This product is contraindicated for chronic or prolonged therapy due to the chance of sodium overload or systemic alkalosis.
- **CALCIUM CARBONATE:** This drug is a rapid-acting, effective neutralizer of gastric

*Continued on page 28*

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# PHARMACY

*Special report: antiulcer drugs*

## New products sharpen antiulcer competition

*Continued from page 26*
nauseant, is a relatively new entry to the antiulcer market. The drug relieves the effect of heartburn and esophagitis by tightening the esophagial valve so that gastric acid isn't regurgitated onto the delicate epithelial lining.

In addition, the drug hastens stomach-emptying, which makes it effective against bloatedness and nausea.

"In terms of percentage growth, Zantac, Carafate, and Reglan will be the main gainers," said Saks. But as the market expands Tagamet will also continue to report gains.

Some marketers predict that ranitidine will penetrate the antiulcer market, but on a gradual basis. They say the impact could be similar to that of cimetidine's effect on antacid consumption.

But they are quick to point out that physicians' current prescribing habits will be tough to change in the short term.

**Comparison of cimetidine and ranitidine**

| | Cimetidine | Ranitidine |
|---|---|---|
| **Patient Information** | Take with meals | — |
| **Dosage Oral Forms**<br>• Duodenal ulcer<br>• Zollinger-Ellison Syndrome | 300mg four times a day for 4-6 weeks<br>1,200mg per day, not to exceed 2,400mg/day | 150mg twice a day for 4 weeks<br>600-900mg per day |
| **Dosage Forms Available** | 200mg, 300mg tablet oral liquid injectible | 150mg tablet |
| **Adverse Effects** | Bradycardia<br>Mental confusion<br>Gynecomastia<br>Decreased renal function<br>Fever | Skin rash<br>Headache<br>Dizziness<br>Decreased WBC and platelet count |
| **Site of Metabolism** | Liver | Liver/hepatic blood flow reduced 20% |
| **Oral Absorption** | 60%-70% | 50% |
| **Half-life (hours)** | 2.0-3.0 | 2.5-3.0 |
| **Amount Excreted Unchanged in Urine** | 48% of single oral dose recovered in 24 hours | 30% of oral dose recovered in 24 hours |

Source: Facts and Comparisons

## Antacids: 4th largest OTC sellers

NEW YORK—Antacids represent the fourth-largest OTC drug category and just over half the adult population uses these drugs.

When the statistics are translated to sales, it's estimated that every year, Americans spend at least one quarter of a billion dollars for drugs which relieve upper gastrointestinal distress.

About 12% of the adult population are considered heavy users of antacids, i.e., they use an antacid at least once a week or more. Men and women both have the same level of usage, but it does peak among the 35-44 age group.

When interviewed, consumers say the most common ailments for which antacids are used trace to upset stomach/nausea (51%), heartburn (29%), sour stomach (17%), ulcer problems (12%) and indigestion (9%).

When recommending an antacid, pharmacists should first determine that the problem is acute in onset and that it can be traced to overeating, dietary indiscretion, alcoholic consumption or tension. Indeed, the most valuable service that a pharmacist can provide when consulting a patient is to help the patient decide whether an illness is treatable with self-medication or whether it requires medical attention.

Patient interviewing is the only method a pharmacist can use to evaluate a patient's condition. It must be remembered that only acute gastritis—without bleeding and the reflux of gastric juice into the esophagus—should be treated without medical attention.

Patients returning frequently with complaints of acute gastritis should receive a medical examination since chronic gastritis may be associated with gastric ulcer. If sustained relief isn't obtained promptly from an antacid, pharmacists should refer the patient to a physician.

In a patient interview, the pharmacist should listen for symptoms that suggest bleeding, vomiting, or obstruction, notably those which are life-threatening and require immediate medical evaluation.

Some questions that pharmacists should ask patients buying antacids follow: How long have you had the pain? Where and when does the pain occur? Do you get the pain immediately after meals?

### *Antacids play valuable ulcer treatment role*

*Continued from page 26*
acid. Calcium carbonate reacts with gastric acid to form carbon dioxide, water and calcium chloride. Though calcium chloride will react further to form calcium carbonate or phosphate in the GI tract, systemic alkalosis represents less of a problem here than with sodium bicarbonate. Calcium carbonate is recommended in small doses for occasional gastritis and is not recommended for chronic use.

• **ALUMINUM:** Aluminum can be administered as the hydroxide, carbonate, phosphate or aminoacetate. Though aluminum hydroxide is the best neutralizer of this group, it is still less effective than magnesium hydroxide, sodium carbonate or calcium carbonate.

Constipation is the most troublesome side effect with this product, but the problem can usually be limited. To overcome constipation, aluminum is often combined with magnesium salts, or laxatives or a stool softener are added to the regimen.

• **MAGNESIUM:** Salts of magnesium that impart antacid activity include the oxide, carbonate, hydroxide and trisilicate. Reaction with the gastric acid results in the formation of magnesium chloride and water. Insoluble salts of magnesium cause osmotic diarrhea that is the major side effect of these antacids. A magnesium-aluminum combination may alleviate this problem.

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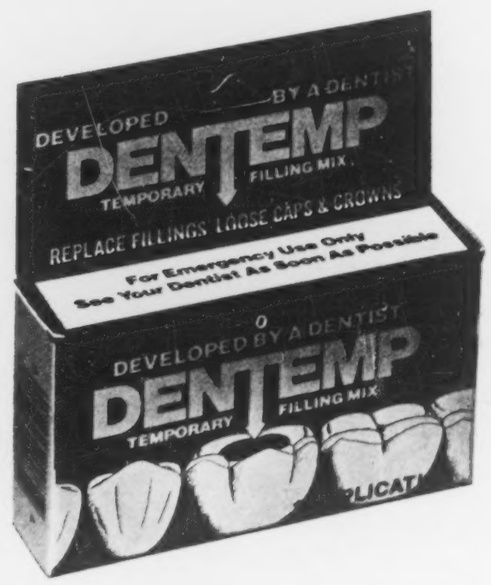


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Special Triple A Product Study—page 4

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# DRUG STORE NEWS

Vol. 5 No. 16/Incorporating CHAIN STORE AGE Drug Magazine Published by Lebhar-Friedman Inc./July 25, 1983

## Phones, electronics top execs' 6-mo. promo list

By Jim Ricchiuti

NEW YORK—Question: What do solar calculators, portable hair dryers, television sets, Darth Vadar figures, telephones and digital blood pressure devices have in common?

Answer: They are some of what chain drug merchandising executives think will be the hottest-promotional products over the next six months.

It probably comes as no surprise that telephones are at the top of just about every drug retailer's list when it comes to promotions. The one-piece and cordless phones are where the market is heading, according to many retailers.

What may come as a bit of a surprise is the number of other electronic products that drug chains have targeted for promotion over the next half year. Improved consumer confidence and falling electronic prices are some of the reason accounting for the electornics push.

Don Roettger, vp of marketing at Reed Drugs in Atlanta, said that while the chain would be concentrating on the basics this year, several promotions are slated involving electronic products.

Roettger said that Reed will market a number of Westminster electronic products with price points that range from $3.99 to $100. "Our emphasis is going to be on the $29 and $39 category," Roettger said. The bulk of the promotional effort will be for a Walkman-type radio and several portable AM/FM radios.

In addition, Reed will promote a variety of imported products under the name Gold Star. One such item is a portable hair dryer, manufactured by a company called Andis. The hair dryer will sell for approximately $6.99.

As for telephones, Roettger said he expects them to be the big item of the year. "Telephone sales started off real strongly

Continued on page 93

## Rite Aid is primed for expansion in '84

By Mike Dunn

CAMP HILL, Pa.—With its pockets lined with cash, Rite Aid is pushing its expansion program into higher gear.

See related story page 3.

Alex Grass, chairman of the Shiremanstown, Pa.-based chain, told stockholders at the annual meeting that the chain's cash flow this year will generate between $47 million and $50 million for capital spending, including new construction and acquisitions.

The heavy war chest will enable Rite Aid to increase the number of both its drug stores and its subsidiary, Circus World toy outlets, by approximately 10% in the coming year as well as make a major effort to expand its chain of Heaven specialty stores.

At the same time, shareholders increased Rite Aid's growth ability by authorizing

Continued on page 93

Gondolas angled off the main loop, identification banners suspended over departments and billboarded merchandise enable customers to see every category.

## Cost, scarcity slow aspartame's U.S. debut

By Al Heller

NEW YORK—Although the Food and Drug Administration has approved the use of aspartame in domestic soft drinks, retailers should not expect an onslaught of new brands or reformulations. The earliest trade estimate is "several months" before one appears in this market, and "that's only if a manufacturer wants to shoot craps," says one soft drink executive.

The reason: aspartame's scarce supply and high price of $85-90 per pound compared with saccharine's $4 cost. Soft drink companies cannot commit to large marketing campaigns unless they can be assured of steady supply.

Nevertheless, G. D. Searle & Co., manufacturer of aspartame, expects to be able to meet industry demand. "We expect slow entry into American markets, with a great deal of test marketing. As demand builds, our ability to produce will increase in parallel fashion," says Robert Shapiro, president of Searle's NutraSweet group.

One soda company official calls Searle's contention "optimistic, since Equal's growth is taking up its aspartame capacity." Equal is the brand name for Searle's table sugar substitute.

The question of aspartame's

Continued on page 94

In the loop layout, the customer is led through staggered categories of merchandise to their highest placement on the wall.

## Guild adopts race track layout in Calif.

By Lou Karney

MANHATTAN BEACH, Calif.—In an attempt to sell higher gross merchandise and increase sales and profits by at least 20%, Guild Drug has adopted the loop (race track) layout in two stores and plans to extend the experiment to a third store next month.

Guild may be the first drug chain to adopt this layout, which is widely used by department and discount stores to increase consumer eye exposure to merchandise.

In contrast to the traditional front-to-back grid layout, the race track layout leads shoppers along an oblong route through the store.

Upon entering, the shopper finds himself or herself on a 5-ft.-wide, white-tile corridor. The rest of the store's floor is carpeted, the center area being green with a brown perimeter.

After entering, the shopper can go left (candy, OTC, Rx, gift, nutrition/health) or right (clothing, cosmetics, feminine hygiene).

Because most people turn right on entering, Guild groups its highest impulse, highest

Continued on page 93

## LATE NEWS

**ECKERD DRUG has named Fred Augello to the post of director of pharmacy health services. He will report to Robert L. Myers, vp of pharmacy services. Augello had been a pharmacy area manager in the Georgia-Alabama division of Eckerd for the last five years. Before that, he had been with Thrift Drug for 15 years. He is a Temple University graduate.**

**BEGLEY DRUG shareholders re-elected Robert J. Begley, president and chairman of the chain; James K. Lewis, executive vp of the Central Trust Co. of Cincinnati; and Robert L. Maddox, a partner in the Louisville law firm of Wyatt, Terrant and Combs, to three-year terms as directors. The board of directors also met and approved six new lease sites. Begley predicted good first quarter results despite bad weather in April and May. He said good weather in June compensated for April and May.**

## St. Louis Medicare, Glaser to share logo

By Faye Brookman

ST. LOUIS—In an effort to consolidate its strength in the St. Louis market, Medicare-Glaser has united its two diverse drug operations—Medicare and Glaser—under one logo. The move brings to 61 the total number of Medicare-Glaser units in the Metropolitan St. Louis Area.

"With our 61 stores, we're the No. 1 chain," said Harlan Steinbaum, president. "We'll have greater market penetration and gain in our share of market."

Medicare-Glaser's attempt to fortify its position is being made in the face of a strong push by Deerfield, Ill.-based Walgreens to increase its market penetration in St. Louis.

Two years ago, Walgreens made a splash here when it added five huge (17,000 to 24,000 sq. ft.) former Skaggs units, complete with mini-food sections, to its St. Louis store count. Walgreens now operates 34 units here, and president Fred F. Canning considers this to be one of the chain's most promising markets.

Medicare-Glaser's move to one name also allows it to achieve economies of scale in advertising. Steinbaum explained that advertising will now have an "umbrella" effect.

Although the two formats differ—the former Medicare Pharmacies ranged from 2,500 sq. ft. to 3,000 sq. ft. with a heavy pharmacy emphasis and the Glaser Drug Stores were 8,000 sq. ft. to 12,000 sq. ft. with a large convenient store mix—the chain decided to use one name. There have been no physical changes in the smaller

Continued on page 94

R&D, marketing continue to boost drug profits—page 21

BEST AVAILABLE COPY

# Home health care products spark explosive sales

NEW YORK—Fueled by the entry of heavy-hitting consumer manufacturers like Timex, Norelco and Panasonic, the home health care equipment market is heating up.

Drug retailers say that increasing consumer awareness of the category and demand for these products mean that home health care devices can no longer be hidden behind pharmacy counters. In addition, they must be well stocked (see related story).

Most pharmacies have carried blood pressure monitoring equipment in the past, but the category is just now coming into its own with expanded lines and renewed consumer interest in such products as blood pressure kits, digital scales and electronic thermometers.

One chain executive said he planned to run ads for digital thermometers and blood pressure kits only if he can be assured that products will be in sufficient supply. Right now, the executive said, electronic home health care appliances are selling as fast as they are put in the stores.

Industry estimates set the market for 1983 at some 1.25 million blood pressure units alone, a growth of about 25% from 1982 figures. Dollar sales are expected to rise a remarkable 35% in this product category in 1983 from 1982 sales of about $100 million.

Several older, more traditional medical supply firms are also competing for the same business with the new entrants, who are staging more consumer-oriented campaigns. Lumiscope, a medical supply company in Edison, N.J., is meeting the new competition by stressing its complete coverage of the category.

Lumiscope president Gerald Baker explained, "We offer the most complete line-up of blood pressure units for home use from under $20 [a manual kit] to about $250 retail [a kit with a clock, print-out tape and auto-inflating cuff]."

"While I hardly expect an account to sell the entire line-up," said Baker, "the lower three or four price points are right for a drug or mass merchandising chain, while the upper units are right for department stores."

Copal, another traditional home care product manufacturer, began marketing its own blood pressure kits to retailers in February. National sales coordinator Marty Sussell said, "Before February, we were supplying the kit to private-label companies for distribution."

Also emphasizing assortment, Copal markets four kits ranging in price from $70 retail to $270. Another home care product Copal sells is a pulse meter for use during exercise or jogging. This unit retails at about $80.

Timex is test marketing a digital blood pressure kit.

In addition, Norelco has just tossed its hat into the home health care ring with the introduction of four blood pressure monitoring kits, two digital scales and a vibrating headboard. The product promotion is supported with the slogan, "The name consumers will trust in a market where trust is everything."

**With market estimates for blood pressure monitors approaching $135 million in 1983, drug stores are being encouraged to optimize sales through proper merchandising near the pharmacy department.**

## . . . tips on merchandising

NEW YORK—Merchandising hot new products is not always easy, especially when the products do not fit nicely into traditional drug store categories. Such is the case with many home health care appliances.

Though blood pressure kits logically seem to fit into the professional pharmacy department, some stores opt to merchandise these products with personal care appliances or small electrics to insure security.

With digital thermometers and scales, the same problem arises: at $20-$40 each, they cannot very safely be left on open, unattended shelves with manual thermometers and scales. Also, and perhaps most important in each of these three product categories, professional recommendations tend to increase sales.

To this end, retailers questioned by *Drug Store News* said they tend to prefer merchandising the more expensive home health care items close to both the pharmacy department and the OTC department.

—For example, at Eckerd Drug, home health care devices and blood pressure kits carried in the drug stores (as opposed to those in the MedCare centers) are positioned in the pharmacy area and on OTC product shelves near the pharmacist.

—At Walgreens, blood pressure kits and digital thermometers, which are carried in all stores, are usually located near the pharmacy as well.

## News in brief

### Perry promotes Hunter and Ray

PONTIAC, Mich.—Perry Drug Stores has promoted Stephen Hunting to the newly created post of health care services administrator, named Samuel N. Ray assistant vp, human resources for the chain.

Hunting joined Perry in 1978 as an assistant store manager and moves to his new assignment after serving as a store manager. He earned his pharmacy degree in 1975 from the Albany College of Pharmacy, Albany, N.Y.

Ray's promotion comes about one year after he joined Perry as director of human resources after eight years with Chatham Super Markets. He earned his bachelor of science and master degrees at Temple University.

### Sav-On ordered to enter Rx contract talks

LOS ANGELES—The U.S. 9th Circuit Court of Appeals has ordered Sav-On Drugs (division of Jewel Cos.) to negotiate with the Guild for Professional Pharmacists on a union contract for Sav-On's 400 pharmacists.

The court decision comes after five years of legal maneuvering. Timothy Ryan, Sav-On's attorney, told *Drug Store News* that in agreeing to enter into contract negotiations with the Guild for Professional Pharmacists, Sav-On also agreed not to appeal the 9th Circuit Court's decision to a higher court.

### Gray shifts executive duties

CLEVELAND—Gray Drug Fair has changed the responsibilities of four executives, moving Richard Landers to director of visual marketing, Robert Morick to director of H&BA and cosmetics purchasing in addition to his other duties, John Mirlmelstein to merchandise manager for cosmetics and H&BA and giving Irwin Levon, who is vp of professional services, the additional tasks of overseeing purchases of pharmaceuticals and OTC drugs.

Landers had been director of merchandising for cosmetics, H&BA and OTC drugs. He will now direct signing and planograms that are in the works for the entire chain. He also will handle generics and the Columbus photo lab.

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## Chains balk at odd-size cig pack

By Al Heller

As R.J. Reynolds' new Century brand, with 25 cigarettes per pack, finds its way onto retail shelves, drug store operators across the nation are expressing mixed feelings about this latest innovation in the tobacco category.

Retailers are primarily concerned about the virtual certainty of higher single-pack prices for this brand alone, spurred by higher tax rates and Century cartons holding just nine packs instead of the industry's usual 10. Retailers who pay comparable wholesale prices for Century cartons as other brands must charge more for each Century single pack in order to maintain margins. Consumers, on the other hand, perceive value because they're getting five extra cigarettes per pack for a few cents more.

Anticipated pricing errors at the front-end, and labor involved in hand-stamping extra tax labels on each carton and single pack, pose further obstacles to chains embracing the brand. Indeed, Century single packs are already selling for 3-10¢ more than other brands—following a year in which cigarette prices overall rose approximately 30%.

Century's touted concept of value—with 225 "quality brand" cigarettes at the usual carton prices—appears to work with cartons only. Breaking the 9-pack cartons into single packs for sale—the manner in which some chains conduct nearly 70% of their cigarette sales—leaves retailers in a quandary: Do they take a lower gross margin on the brand to keep prices

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## Sav-On combos on hold

ANAHEIM, Calif.—Although Sav-On has budgeted the money for 10 food/drug combos in the San Joaquin Valley (from Bakersfield to Sacramento), the chain is putting the last four stores (originally scheduled to open in 1985) on "hold" for an indefinite period.

An industry source says: "Sav-On wants to see if the first six are as good as they think they are before going ahead with the other four. That makes sense. Sav-On learned something from their optical centers—they opened 20 and then closed them all."

Sav-On is exploring a number of options on the uncommitted four stores, according to other sources. One option is the possibility of opening smaller-size combos in small towns with trading areas of 30,000 to 35,000 population. That is why the Atwater store (construction will start on Dec. 1) will be closely monitored. Atwater is

*Continued on page 94*

## POPAI kicks off user poll

FORT LEE, N.J.—Interviews with dozens of Philadelphia area shoppers began late last month as Du Pont and the Point of Purchase Advertising Institute kicked off its major nationwide study of drug store consumer buying habits.

The survey, which when completed will encompass more than 10,000 consumers in 250 drug, health and beauty aids, prescription and general merchandise stores, has been endorsed by both the National Association of Chain Drug Stores and the National Association of Retail Druggists. It is being conducted by Burke Marketing Research in two phases, June and July and November and December.

"This study is a new source for the chain drug industry," NACDS president Robert Bolger said in urging all association members to support and participate in the project. "It will provide much needed data and will serve as a management assistance and information tool for drug stores," Bolger said.

*Continued on page 94*

## *Parks joins* DrSN *as editor*

NEW YORK—Lebhar-Friedman has named Elizabeth Parks to the post of editor of *Drug Store News*.

A seven-year veteran of Lebhar-Friedman, Parks has reported extensively on retail trends within drug stores, most recently as editor of *Food Merchandising*, an L-F quarterly magazine covering grocery trends within nonfood outlets.

Parks has also served as administrative editor of *Chain Store Age Supermarkets*, Lebhar-Friedman's monthly magazine covering the food retailing industry, and executive editor of *Nation's Restaurant News*, an L-F bimonthly reporting on trends within the food-service industry.

In addition to a varied background reporting on foods, beverages and groceries, Parks has also specialized in computer and scanning stories, and in financial.

"What seems most exciting about retailing these days," she says, "is how trends seem to surface and resurface between industries. One of the hottest new formats to strike the supermarket industry in recent years was the warehouse store and now a variation of that concept

*Continued on page 94*

# PHARMACY

## R&D, marketing continue to boost drug profits

NEW YORK—Research and marketing efforts, which both create and promote new pharmaceutical products, continue to boost the balance sheets of the major drug houses.

At Squibb, for example, two new cardiovascular drugs are expected to add some $200 million in sales by year end, according to Dr. Ken Raven, director of public affairs for the firm.

"The R&D and strategic planning in companies are being perfected because the cost of losing is too high," says Raven.

In addition to the two new products, Capoten and Corzide, Squibb also has high hopes for its human insulin product currently awaiting F.D.A. approval. "We have 20% of the insulin market now and that figure will be enhanced almost immediately upon the approval of our human insulin which is imminent," says Raven.

Warner-Lambert's president, Joseph Williams, says that "newly introduced pharmaceutical products have added $100 million to our sales over the past two years."

About 13% of the pharmaceutical sales revenues at Warner-Lambert are recycled back into research efforts.

According to Pfizer's first-quarter report for 1983, Feldene (an antiarthritic drug) and Procardia (a cardiovascular for the treatment of angina pectoris), both launched in the United States during 1982, "attained the highest sales of all Pfizer pharmaceutical products sold in the United States during the first quarter of 1983."

In his April address to the shareholders, company president Gerald Laubach noted that in its first year of distribution, Procardia (nifedipine) prescriptions topped the $4 million mark. The oral calcium channel blocker sales were instrumental in the 60% increase in worldwide sales of Pfizer's cardiovascular products.

Similarly Feldene (piroxicam), the once-a-day antiarthritic, turned in worldwide sales of $314 million in 1982 and domestic sales of $136 million during its first 12 months in the United States.

A new Pfizer antibiotic, Cefobid, introduced in the United States in December of 1982, recorded domestic sales of $15 million just in the first three months of 1983. (Worldwide sales of Cefobid were $53 million in 1982.)

A Hoffman-La Roche spokesman said their acne product, Accutane, is doing very well. So far from January through May of 1983, pharmacists have filled 570,000 prescriptions (new and refill) for the drug. The first major entry into the dermatology field for Roche, this drug, which relieves severe recalcitrant cystic acne is, according to company figures, successful for about 90% of the patients using it.

Bumex, Roche's loop diuretic introduced in April 1983, is also registering gains in new script counts.

In addition to original research products, pharmaceutical firms are also taking advantage of cooperative agreements like the current Glaxo/Roche comarketing efforts behind their newly approved Zantac (ranitidine). Though a Glaxo product, the two companies will be supporting the marketing and distribution of the new antiulcer product as it becomes available this summer.

At SmithKline Beckman, meanwhile, hopes are riding high on three new products now being reviewed by the F.D.A. The three drugs in the pipeline for SmithKline are Ridaura, antiarthritic product and two antibiotics, Cefozox and Monocid.

## New antiarthritic drugs gain market share

NEW YORK—New drugs racked up impressive gains on the list of most heavily prescribed antiarthritic products dispensed through drug stores.

Items such as Feldene 20mg, Dolobid 500, Indocin SR 75mg, and Naprosyn 500mg, products which didn't appear on last year's analysis, captured some of the leading script shares for the drug class.

And Boot's aggressive pricing policies for Rufen helped the English firm capture an additional 2 share points over last year's level. Meanwhile Upjohn's Motrin 400mg and 600mg continued to dominate the class with a script share of 26%.

These are the main findings revealed in a report on the antiarthritic market in drug stores prepared by Decision Data. The survey, conducted among a nationwide sample, further pointed toward continued percentage margin declines for retailers, down 1.3 points to 19% of the category.

Virtually all products except Rufen 400mg contributed to the overall decline of the class in per cent margin, but in absolute dollar terms a different picture emerged.

The average pharmacy surveyed, reports a dollar margin increase of 55¢ for typical scripts dispensed in this drug class.

Although pharmacies' average retail price increased significantly (+$3.08 per script over last year's level), pharmacists' costs for antiarthritics climbed faster. Hence the decline reported in retailers' per cent margins.

Gains in dollar margin trace to scripts for new products, and some hefty hikes on the prices of other drugs dispensed in the class.

Antiarthritic products are generally considered to be maintenance drugs with above average refill rates (50%), so patients tend to shop extensively for low prices. This further adds to the downward pressure on prices and margins.

New products also made their presence felt in terms of average prescription quantities dispensed. Quantities dispensed per script for such products as Feldene, Dolobid, and Indocin SR averaged about half that which was dispensed for a typical script in the antiarthritic category.

In December 1979, approximately 63 units were dispensed

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**New products pace antiarthritic market in '83**

| Drug Description | Mfg. | % Mkt. Share 4/83 | Avg. Qty. Per Script | Average Price Per Script 3/82 | Average Price Per Script 4/83 | % Retailer Margin* 3/82 | % Retailer Margin* 4/83 |
|---|---|---|---|---|---|---|---|
| Motrin 400mg | Upjohn | 14.4 | 60 | $14.81 | $15.41 | 21 | 20 |
| Motrin 600mg | Upjohn | 11.5 | 52 | 18.25 | 19.07 | 21 | 20 |
| Feldene 20mg | Pfizer | 11.1 | 27 | — | 28.66 | — | 16 |
| Indocin 25mg | MSD | 8.3 | 58 | 14.34 | 16.34 | 22 | 20 |
| Naprosyn 250mg | Syntex | 6.1 | 55 | 23.77 | 26.05 | 17 | 16 |
| Clinoril 200mg | MSD | 5.7 | 51 | 25.73 | 30.29 | 15 | 13 |
| Naprosyn 375mg | Syntex | 5.5 | 44 | 24.87 | 26.86 | 19 | 19 |
| Tolectin DS 400mg | McNeil | 3.6 | 56 | 21.99 | 35.38 | 19 | 18 |
| Clinoril 150mg | MSD | 3.6 | 56 | 22.36 | 26.59 | 17 | 14 |
| Nalfon 600mg | Dista | 3.4 | 56 | 18.93 | 20.46 | 22 | 21 |
| Dolobid 500mg | MSD | 3.2 | 30 | — | 19.78 | — | 23 |
| Rufen 400mg | Boots | 2.9 | 63 | 13.99 | 12.44 | 27 | 29 |
| Indocin 50mg | MSD | 2.8 | 50 | 19.92 | 23.15 | 19 | 18 |
| Indocin SR 75mg | MSD | 2.1 | 29 | — | 25.00 | — | 19 |
| Meclomen 100mg | Parke Davis | 1.8 | 57 | 18.93 | 22.08 | 22 | 20 |
| Naprosyn 500mg | Syntex | 1.8 | 40 | — | 29.76 | — | 17 |
| Butazolidin Alka Cap 100mg | Geigy | 1.7 | 33 | 9.04 | 10.62 | 40 | 35 |
| Butazolidin Tab 100mg | Geigy | 1.5 | 33 | 8.91 | 10.23 | 40 | 38 |
| Motrin 300mg | Upjohn | 1.1 | 59 | 13.45 | 10.37 | 27 | 26 |
| Top 19 | | 92.1 | 49 | 18.29 | 21.99 | 20 | 20 |
| All Others | | 7.9 | 49 | 8.60 | 9.83 | 43 | 41 |
| Total | | 100.0 | 49 | 18.08 | 21.16 | 20 | 19 |

*Margins are based on average wholesale prices.

Source: Decision Data

## A.M.A., pharmacy groups clash on drug substitutions

**Joseph Caputo, RPh**
***Pharmaceutical Editor***

The American Medical Association last month adopted a hard line antitherapeutic substitution resolution that in effect puts the A.M.A. on a collision course with the nation's two largest pharmaceutical organizations, the American Pharmaceutical Association and the American Society of Hospital Pharmacists.

In the latest in what has been a continuing saga of conflict, the A.M.A. House of Delegates on June 22 adopted several resolutions which flatly oppose the concept of therapeutic substitution by pharmacists.

The A.M.A. resolution clearly specifies that physicians are, in the A.M.A.'s eyes, the only professionals with a comprehensive knowledge of patients' medical histories and therefore that they are the only professionals qualified to devise suitable drug regimens.

The clear implication is that the A.M.A. does not want to delegate the right to select pharmaceutical alternatives to individuals other than nurse practitioners and physicians' assistants.

That position puts the A.M.A. on a clear confrontational course with the APhA, which adopted a policy of pharmaceutical alternatives or therapeutic substitutions at its annual meeting last April, and with the ASHP, whose traditional position on therapeutic equivalents is also being questioned.

Many hospital-based pharmacists already utilize therapeutic equivalents, but within the confines established by the institution's pharmacy and therapeutics' committee.

In all such situations, pharmacists are not supposed to substitute drugs independent of the physician prescriber.

APhA members, practicing in noninstitutional settings, had hoped to follow the precedents previously established by ASHP.

But now, this latest resolution from the A.M.A. makes it appear that even the concept of therapeutic equivalents dispensed in hospitals is being questioned by the medical community.

To underline how strongly the A.M.A. feels about this issue, doctors at the A.M.A. convention in Chicago were advised to take the issue to their respective state legislators.

This new conflict is further hampered by the lack of clear, concise definitions of such terms as therapeutic alternatives, pharmaceutical alternatives, chemical equivalents and therapeutic equivalents.

The lack of clear definitions creates misunderstandings over pharmacists' ability to substitute without prior approval from the prescriber.

A resolution, which would have recognized therapeutic substitutions of drugs, was reworded by A.M.A. The now more broadly revised resolution begins to close the door on all forms of substitutions by pharmacists—with one exception: generic equivalents.

The A.M.A. resolution, adopted last month, now defines therapeutic substitutions as 1) any interchange of a drug by the dispensing pharmacist that is not chemically identical to the product prescribed; 2) any alteration of the drug's dose, and 3) any change in the drug's route of administration.